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3. SOVIET ARMS IN AFGHANISTAN



Comment

Afghanistan is believed to have received substantial shipments of ground forces

equipment from the USSR throughout 1956.

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Kabul should now have enough small arms to re-equip its 64,000-man regular army and security forces as well as to supply weapons to its large reserve and tribal groups.

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4. SOVIET REPORT ON ECONOMIC PROGRESS IN 1956

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According to an official summary released by TASS, over-all growth of the Soviet economy in 1956 was consistent with the goals set in the Five-Year Plan ending in 1960: national income increased by 12 percent; total industry, 11 percent; heavy industry, 11.4 percent; and light industry, 9.4 percent. Capital investment showed a substantial increase but cannot be precisely evaluated on the basis of available data. Industrial labor productivity in 1956 increased only 7 percent, whereas an average of 8.5 percent is required if the Sixth Five-Year Plan goals are to be met. The supply of foodstuffs improved considerably owing to the good agricultural year. The increase in retail trade probably was sufficient to absorb most of the increased purchasing power of the population resulting from higher pensions, higher average wages, and payments for the bumper crop.

Heavy industry grew irregularly in 1956; petroleum, electric power, some nonferrous metals and most machine building industries did well. Several mutually dependent industries--coal, ferrous metals, timber and cement--fell short of 1956 goals and are slightly below the annual average rates required to meet the 1960 goals. The deficiency in cement production is by far the most serious, being about 2 million tons or about 8 percent below the 1956 plan. Most processed foods did quite well in 1956, with excellent prospects for 1957, while the output of textiles, clothing and shoes is according to plan. Furniture showed a negligible increase, probably related to the tight supply of timber products. The most important shortfall to the consumer was housing, which was about 10 percent behind the plan, and although the absolute increment was substantial, this may be the most serious Soviet internal economic problem.

At the moment, agriculture is a booming success. Most crops were good to excellent and deliveries to

the state showed corresponding increases. Substantial increases in grain and milk deliveries are especially noteworthy. Livestock herds generally increased. Although a considerable portion of collective farm income was siphoned off for investment, there was still considerable increase in money incomes of the rural population. For the first time since Stalin's death, the major economic problems facing the Soviet "collective leadership" are in industry rather than in agriculture.

At this early stage of the plan the slight lags in coal and metal, and the more serious lags in cement, housing and labor productivity, represent an incipient, but not yet serious, threat to the 1960 goals. The success of the plan depends on the ability of Pervukhin's new committee to tighten up the operation of the economy and to rephase the ambitious investment program. It also depends on the workers' reactions to the improved supply of foodstuffs, the new social welfare and wage measures, and the government's efforts to overcome the housing shortage. [REDACTED]

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6. INDONESIAN PRESIDENT SEEKS TO RALLY MASS SUPPORT

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President Sukarno is sending veterans, many of them extreme leftists, to all areas of Indonesia to contact other revolutionary veterans, the so-called "troops of 1945," to whip up fervor for Sukarno's

proposed "advisory council." Sukarno has adopted this method because of opposition from political party leaders to his plans, and the failure of the army chief of staff so far to unite the army and place it at Sukarno's disposal.

Comment

Sukarno apparently hopes to create such wide mass support for his reorganization of the government that neither political party leaders nor opposition army elements will challenge him. He is believed capable of rallying widespread support, but there is some doubt that he can find enough capable individuals to set up and execute the work of his "council" effectively unless he relies heavily on the Communists.

The introduction of strong Communist influence in the government would probably create further army opposition to Sukarno and cause more disaffections from the central government in outlying areas.

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8. LAOTIAN PREMIER SEES POSSIBLE CUT IN WESTERN
AID AS "BLACKMAIL"

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In an interview published on 30 January in the government-sponsored Lao Presse, Premier Souvanna Phouma called critics of his proposed settlement with the Pathet

Lao "irresponsible and unjust." Questioned about the possible loss of Western aid as a consequence of his policy, Souvanna stated that such an eventuality would constitute "manifest interference in our internal affairs" and would be regarded by international opinion as "blackmail."

Comment

The tone of this article suggests that Souvanna, fearing a collapse of his plans could force his resignation, is commencing a campaign to divert criticism and arouse nationalist sentiment by charging Western intervention in Laos' internal affairs.

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9. MACMILLAN CANCELS PROPOSED VISIT TO USSR

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Harold Macmillan has canceled plans made before he assumed office for the British prime minister to visit the USSR this spring, according to the British chargé in Moscow. Macmillan excused himself on grounds of pressure of work, and apparently made no reference to the possibility of a future trip.

Comment

The Soviet invitation had been accepted by Eden early last summer. Since the Soviet intervention in Hungary, British policy has been to hold exchange visits to a minimum. In the long run, however, British government leaders probably still believe that expanding East-West contacts will promote peace. When the British public's hostility to the USSR eases, the proposal for a trip to Moscow by the prime minister may be renewed.

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10. POLITICAL UNREST IN FRENCH CAMEROONS

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Popular unrest in the French trust territory of Cameroons has reached a level where local French officials feel the only solution is the early granting of total independence, according to an American consular official.

Serious disorders occurred in connection with the Cameroons assembly elections in late December. The outlawed Communist-oriented nationalist party carried on guerrilla warfare, attacking communications and assassinating a French official and two assembly members. In addition, several military engagements took place during which at least 60 natives were killed. The Cameroons garrison had to be reinforced with troops from French Equatorial Africa.

Comment

There has been unrest in the Cameroons since the riots of May 1955, which were instigated by the leftist nationalist party. Popular demands for independence have been growing rapidly, spurred on by events elsewhere in French Africa.

On 23 January the Paris cabinet approved limited self-government for the Cameroons. However, the measure must be approved by both the Cameroons assembly and the French National Assembly, and it is not known whether the nationalists will accept such a proposal. Although moderates who would settle for a self-governing republic within the French Union won the assembly elections, public opinion could force them to join the extremists if Paris delays or offers too little.

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ANNEX

Watch Report 339, 31 January 1957
of the
Intelligence Advisory Committee

Conclusions on Indications of Hostilities

On the basis of findings by its Watch Committee the
Intelligence Advisory Committee concludes that:

- A. No Sino-Soviet Bloc country intends to initiate hostilities against the continental US or its possessions in the immediate future.
- B. No Sino-Soviet Bloc country intends to initiate hostilities against US forces abroad, US allies or areas peripheral to the Orbit in the immediate future.
- C. A deliberate initiation of hostilities in the Middle East is improbable in the immediate future.

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